

## **TEXAS CATTLE FEEDERS ASSOCIATION**

5501 I-40 West  
Amarillo, TX 79106  
806 / 358-3681  
FAX 806 / 352-6026

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E.W. Williams, Jr.

September 20, 2000

Shannon Hamm  
U.S. Department of Agriculture  
1400 Independence Avenue  
STOP 3601  
Washington, D.C. 20250-3601

The Texas Cattle Feeders Association represents cattle feeders in the three state area of Texas, Oklahoma and New Mexico, an area that feeds approximately 30% of the cattle fed each year in the United States. We appreciate the opportunity to comment on the issue of "Captive Supplies in the Livestock Industry."

TCFA supports actions that promote competition and provide sellers with improved market information. Specifically, we support (1) Aggressive enforcement of antitrust policies. (2) Prevention of unfair trade practices. (3) Increased surveillance of the futures markets. (4) Timely and accurate price and volume reporting by packers of boxed beef sales. (5) Modification of retail beef price reporting to include all prices and volume. (6) Weekly reports of imports and exports of cattle, beef and beef by-products by volume and price.

TCFA has specific opposition to (1) Any restrictions on a producer's right to utilize any marketing options to sell cattle. (2) The disclosure of profit/loss information on any segment of the beef industry.

Change in the beef industry is a reality. These realities have necessitated changes by cattle producers and packers to maintain competitiveness, not only against other protein sources but also in the international marketplace. Increasing trends in the beef sector are the alignments between packers and cattle producers through alliances, joint ventures, cooperative agreements and contractual and formula arrangements. A number of producers are finding innovative ways to compete in the changing industry, including gaining a greater share of the marketing dollar. Some of these groups are U.S. Premium Beef, Ltd., Western Beef Alliance, Ranchers' Renaissance, Iowa Cattlemen/Excel joint venture, Harris Ranch and the Angus Alliances. TCFA has had a leading role in developing Consolidated Beef Producers, Inc., a cooperative based out of Amarillo developed for the purpose of one person selling cattle from several feedyards on a negotiated basis.

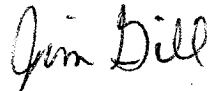
TCFA policy is specific regarding these emerging business relationships. TCFA supports a free market system. TCFA will not recommend the limitation of any method of marketing fed cattle. TCFA does not want to see any action taken to alter or halt current trends toward private business arrangements among operators in the various sectors of the beef industry.

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Innovative, professional cattlemen are approaching today's market in a proactive way to help them market cattle better. Rather than let their energies be consumed by concerns about market structure, their efforts revolve around producing a better product, marketed by more innovative methods, in an effort to reap benefits from a true value-based pricing system. Data that cattlemen are receiving in most of these innovative marketing methods about their cattle enable them to improve the quality of their livestock, which should mean in turn that they can achieve additional market returns for their cattle.

The cattle industry remains the strongest bastion of free enterprise in agriculture. In part, this is because cattlemen have resisted asking the government to "fix" industry conditions caused by market forces. There remains a great deal of caution and reluctance among most cattle producers to call for dramatic expansion of government intervention in the beef industry and market place.

Sincerely,

A handwritten signature in cursive script that reads "Jim Gill".

Jim Gill  
Market Director